

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 STR-01 AID-05 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 RSC-01 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

CEA-01 PA-01 PRS-01 USIA-06 AGR-05 L-02 FEAE-00 /079 W

----- 051693

R 161300Z JAN 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 7316

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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E.O. 11652: N/A

TAGS: ETRD, BR

SUBJECT: BRAZILIAN VIEWS ON TRADE REFORM ACT

REF: BRASILIA 0348

1. SUMMARY: FONOFF TRADE POLICY OFFICIAL EXPRESSES VIEW THAT FOR BRAZIL MANNER IN WHICH TITLES I AND II WILL BE IMPLEMENTED IS AS IMPORTANT OR MORE IMPORTANT THAN GSP. FOREIGN MINISTER EXPRESSES CONCERN ABOUT POTENTIAL SPREAD OF GSP EXCLUSIONS FROM OIL PRODUCERS TO OTHER COMMODITIES. TRADE POLICY OFFICIAL UNCERTAIN WHETHER PRESENT BALANCED TONE WILL SURVIVE FURTHER GOB REVIEW. END SUMMARY:

2. IN CONVERSATIONS THIS WEEK WITH ECON COUNSELOR, PAULO BARTHEL-ROSA, ACTING HEAD, FONOFF TRADE POLICY DIVISION, EXTENSIVELY DISCUSSED BRAZILIAN ATTITUDE TOWARD TRADE REFORM ACT. BARTHEL-ROSA SAID GOB WAS STILL STUDYING ACT, AND CONSIDERING WHETHER TO ISSUE FURTHER STATEMENT. A DRAFT EXISTED WHICH MAINTAINED GENERAL TONE AND LIMITED OFFICIAL USE

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POSTURE OF FRIDAY'S STATEMENT (REFTEL) HE WAS UNABLE TO

SAY WHETHER THIS FIRST DRAFT WAS LIKELY TO SURVIVE (EMBASSY UNDERSTANDS GOB NOW HAS SCHEDULED MAJOR MEETING CHAIRED BY FOREIGN MINISTER FOR THURSDAY AFTERNOON JAN. 16). INITIAL STATEMENT HAD APPROVAL PRESIDENT'S OFFICE AS WELL AS FOREIGN MINISTER.

3. BARTHEL-ROSA SAID GOB CENTRAL CONCERN IS THAT TRADE ACT PROVIDES US EXECUTIVE WITH INSTRUMENT OF UNPRECEDENTED FLXIBILITY AND POWER, WHICH COULD BE USED FOR PROMOTING TRADE LIBERALIZATION OR FOR PURSUIT OF STRONGLY NATIONAL-ISTIC POLICY. FROM BRAZIL'S STANDPOINT, TITLE I AUTHORITY WAS FAR MORE IMPORTANT THAN TITLE V, PARTICULARLY WITH RESPECT TO EARLY NEGOTIATIONS UNDER TITLE I ON PRODUCTS OF INTEREST TO LDCS.

4. BARTHEL-ROSA SAID SUPPLY COMMITMENTS WOULD ALSO BE AN AREA OF CONSIDERABLE IMPORTANCE TO GOB. AS MAJOR RAW MATERIALS SUPPLIER, GOB WOULD BE WRONG TO TIE ITSELF MULTILATERALLY, WITHOUT APPROPRIATE QUID-PRO-QUO. HE THOUGHT THIS WAS POTENTIALLY VERY FRUITFUL AREA OF NEGOTIATIONS BETWEEN BRAZIL AND US; GOB WOULD WISH TO PURSUE THIS AREA BILATERALLY WITH US AS WELL AS MULTILATERALLY, AND WOULD SEEK APPROPRIATE CONCESSIONS FROM US IN COMMODITY GROUPS, SUCH AS MANUFACTURED GOODS, IN WHICH BRAZIL HAS EXPORT POTENTIAL. BARTHEL-ROSA SAID GOB BELIEVES THIS IS AREA IN WHICH BRAZIL HAS CONSIDERABLE AND GROWING BARGAINING STRENGTH.

5. BARTHEL-ROSA EXPRESSED UNEASE ABOUT TIGHTENING OF CONGRESSIONAL OVERSIGHT WITH RESPECT TO IMPLEMENTATION OF TITLE II ENACTED BY SENATE AND RETAINED BY SENATE-HOUSE CONFERENCE.

6. RE TITLE V (GSP), BARTHEL-ROSA WAS CRITICAL PRECIPITATE SWEEPING NATURE OF VENEZUELAN CHARGES AGAINST TRADE ACT AS A WHOLE, BUT SAID FACE-SAVING FORMULA WOULD HAVE TO BE FOUND TO LET VENEZUELA AND ECUADOR "OFF-THE-HOOK". IN BRAZIL'S VIEW, IMPORT CEILING AND DOMINANT SUPPLIER CLAUSE HAD DEPRIVED GSP AUTHORITY OF A GOOD DEAL OF ITS POTENTIAL IMPORTANCE.

7. COMMENT: COUNSELOR WAS ABLE TO USE EXCELLENT DEPARTMENTAL LIMITED OFFICIAL USE

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GUIDANCE TO GOOD ADVANTAGE. BARTHEL-ROSA, AS ONE OF FONOFF'S PRINCIPAL TRADE SPECIALISTS, IS NORMALLY FULLY CONVERSANT WITH VIEWS OF SENIOR OFFICIALS. CONCERNED WITH MORE TECHNICAL-ECONOMIC CONSIDERATION OF TRADE POLICY, HIS DESCRIPTION OF BRAZILIAN POSITION ON TRADE ACT MAY NOT GIVE FULL WEIGHT TO THE BROADER POLITICAL AND HEMISPHERIC CONCERNS WHICH WOULD BE A PRINCIPAL PREOCCUPATION OF MORE SENIOR OFFICIALS.

8. IN AN EARLIER MEETING BETWEEN FOREIGN MINISTER SILVEIRA,
CHARGE AND POLITICAL COUNSELOR, SILVEIRA INDICATED HIS CONCERN
WHILE ADMITTING THAT HE HAD NOT YET HAD AN OPPORTUNITY TO
STUDY THE TEXT OF THE TRA. HE SAID THAT WHILE HE WAS AWARE
OF COMMENTS THAT THE GSP EXCLUSION APPEARED TO BE DIRECTED
AGAINST OPEC COUNTRIES, HE BELIEVED THIS ATTITUDE WAS
CONTAGIOUS. "TOMORROW," HE SAID, "THE U.S. WILL WORRY
ABOUT BANANAS AND THE NEXT DAY COFFEE."
CRIMMINS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE LAW, POLICIES, FOREIGN POLICY POSITION, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BRASIL00424
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750017-0451
From: BRASILIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750147/aaaabpog.tel
Line Count: 124
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 BRASILIA 0348
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 03 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 SEP 2003 by BoyleJA>; APPROVED <04 DEC 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BRAZILIAN VIEWS ON TRADE REFORM ACT
TAGS: ETRD, BR, (BARTHEL-ROSA)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006